

a gateway for foreign-billed international traffic to the rest of the United States.⁴⁴ Although gateway status may be beneficial to Guam in some respects, it may have a negative impact as well. Because U.S. carriers may be required to accept in Guam international traffic terminating elsewhere in the United States, foreign carriers would no longer have any incentive to invest in or maintain fiber optic cables or other transmission facilities connecting Guam to the U.S. mainland. Accordingly, U.S. carriers would be required to assume costs that are currently borne by foreign carriers, who are not likely to reduce their collection rates in response to this windfall.⁴⁵ The increased costs to U.S. carriers in turn would greatly reduce the incentives for domestic investment in high quality telecommunications facilities serving Guam and the CNMI and thus may discourage market entry.

Therefore, in view of the potentially conflicting goals of implementing rate integration and fostering competition, the regulatory effort to implement rate integration requires a fully developed record and thorough analysis focusing on the unique market characteristics of those areas.⁴⁶

⁴⁴ See Comments of AT&T, FCC File Nos. AAD 95-84, 95-85, and 95-86, at 6 (filed Aug. 15, 1995).

⁴⁵ Id.

⁴⁶ To the extent that any particular plan to implement rate integration impedes the development of telecommunications competition on Guam and the CNMI, the Commission is obligated under the Telecom Act to forbear from implementing such a plan. In deciding whether to forbear from enforcing any provision of the Communications Act, the Commission is required by new Section 10 of the Communications Act, as amended by Section 401 of the Telecom Act, to consider whether such forbearance "will promote competitive market conditions, including the extent to which such forbearance will enhance competition among providers of telecommunications services." Telecom Act at § 401 (adding § 10). If regulatory enforcement is not necessary to ensure just and reasonable rates and practices or to protect consumers and if in fact such enforcement impedes competition, then the

(continued...)

V. CONCLUSION

In light of the novel and complex issues raised by the proposed extension of the Commission's rate integration policy to Guam and the CNMI, IT&E urges the Commission to convene a separate working group or task force to develop a complete record upon which to base an informed decision. This task force could conduct its work concurrently with the instant proceeding, but would have the additional mandate to consider for the first time the unique economic and technical circumstances involved in extending rate integration to Guam and the CNMI. This focused effort undoubtedly will lead to better rulemaking and may even lead to consensus-building among parties with often conflicting interests who nevertheless

⁴⁶(...continued)

Commission is required under the Telecom Act to forbear from exercising its regulatory authority. Given the possibility that rate integration may impede the growth of telecommunications competition on Guam and the CNMI, the Commission has a statutory obligation to examine thoroughly the anticompetitive effects that rate integration may have on the ability of interexchange carriers to compete on Guam and the CNMI.

share a common goal -- ensuring that citizens of the United States, whether living in the Western Pacific or the U.S. mainland, enjoy all the benefits of the telecommunications revolution.

Respectfully submitted,

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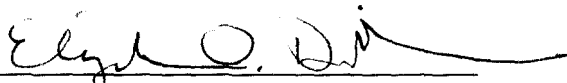
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